



## **BUSINESS UPDATE ON COVID-19 IMPACT AND OUTLOOK**

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The COVID-19 pandemic is expected to continue to have a severe impact on the tourism industry as border controls and travel restrictions remain in place around the world. The Group's Hotel division is experiencing a significant decline of both corporate and leisure travelers. As most of the Group's hotels are operating at reduced capacity, the Group's Hotel division has experienced a significant decline in revenue. The Group's Rental division has also been negatively affected, mainly due to the circuit breaker restrictions in Singapore.

The Group's initiatives to keep costs down include the reduction of outsourced services and deferral of non-essential expenditures. The Group has also implemented temporary wage cuts and a reduction in work force. The Group will continue to pursue steps to contain costs and conserve cash. The Group is putting measures in place and preparing to receive customers and travelers when businesses resume normal operations.

The Group has sufficient cash holdings and undrawn credit facilities and may further leverage on unencumbered hotel properties for new credit facilities. Most of the outstanding borrowings undertaken by the Group are secured borrowings for which the estimated market values of borrowings pledged assets are in excess of the total facility amounts. The Group has received indicative support from its principal banks which are prepared to waive certain loan covenants. Management has and will continue to implement measures to conserve the cash resources of the Group to sustain its business operations and ongoing projects to ensure the viability of the Group until the COVID-19 situation improves.

The Group expects to report a loss before tax for the first half of FY2020 when the financial results are due to be announced in August 2020. The Company is still assessing the impact on the earnings per share and net asset value per share of the Group. The Board will continue to monitor the evolving situation and will make the appropriate announcements as and when there are material developments on this matter.

By Order of the Board  
Foo Soon Soo (Ms)  
Company Secretary

8 June 2020